

Utah Department of Commerce  
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Salt Lake City, Utah 84114-6760  
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**BEFORE THE DIVISION OF SECURITIES  
OF THE DEPARTMENT OF COMMERCE  
OF THE STATE OF UTAH**

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**IN THE MATTER OF:**

**RICHARD E. HASKELL, CRD #1275477**

**Respondent**

**STIPULATION AND CONSENT  
ORDER**

**Docket No. SD-06-0007**

The Utah Division of Securities ("Division"), by and through its Director of Licensing, George Robison, and Richard E. Haskell, CRD #1275477 ("Haskell") hereby stipulate and agree as follows:

1. Haskell was the subject of an examination conducted by the Division into allegations that he violated the Utah Uniform Securities Act ("Act"), Utah Code Ann. § 61-1-1, *et seq.*
2. On February 9, 2006, the Division filed a Petition to Revoke License, Bar Licensee and Impose a Fine against Haskell.
3. In lieu of proceeding with the formal action, Haskell and the Division have agreed to settle this matter by way of this Stipulation and Consent Order ("Order"). If entered, the Order will fully resolve all claims the Division has against Haskell pertaining to this

matter.

4. Haskell admits the jurisdiction of the Division over Haskell and over the subject matter of this action.
5. Haskell waives any right to a hearing to challenge the Division's evidence and present evidence on Haskell's behalf.
6. Haskell has read the Order, understands its contents and submits to this Order voluntarily. No promises or threats have been made by the Division, nor by any representative of the Division, to induce Haskell to enter into this Order, other than as described in this Order.
7. Haskell has been advised of his right to counsel and has chosen to represent himself in this matter.

#### **I. FINDINGS OF FACT**

The Division makes the following findings:

8. Haskell has been licensed in Utah as a broker-dealer agent for World Group Securities, Inc. ("WGS") since April 12, 2002. Respondent was a licensed broker-dealer agent with WMA Securities, Inc. ("WMA") from July 5, 1999 until April 12, 2002 at which time Respondent was part of a mass transfer of the now-defunct WMA's representatives to WGS. From November 5, 1984 until his termination on June 30, 1989, Respondent was a licensed broker-dealer agent for Dean Witter Reynolds, Inc. ("Dean Witter").
9. Haskell currently resides in Sandy, Utah.

#### **Disclosable History**

10. Haskell was terminated in 1989 from Dean Witter for accepting \$30,000 in compensation from a client without Dean Witter's knowledge.

11. In 2001, Haskell filed a Chapter 7 bankruptcy and was granted a discharge.
12. In addition, during the time period relevant to this action, Haskell was the subject of a state tax lien, was named as a defendant in pending lawsuits, and had numerous judgments entered against him.

#### **Issuing of Promissory Notes**

13. In spring 2001, while a licensed agent for WMA, Haskell met with an individual ("Victim") to discuss her investment portfolio. At the time, Victim was also a WMA representative with limited experience. Victim indicated she had \$80,000 in a savings account which she was uncertain how to invest.<sup>1</sup>
14. Haskell indicated he had "a lot of business in the pipe line" but was in need of cash in the short term.
15. On March 12, 2001, Haskell convinced Victim to give his company, Haskell Professional Services, LLC ("Professional Services") \$10,000 in exchange for a promissory note ("Note 1").
16. Pursuant to Note 1, Professional Services agreed to pay Victim \$10,400 on or before May 12, 2001. The note was signed by Haskell on behalf of Professional Services.
17. In addition, Haskell personally guaranteed Note 1.
18. On March 13, 2001, Victim gave Haskell a cashier's check for \$10,000 payable to 'Rick Haskell.' Haskell endorsed the check and took possession of the proceeds.
19. Neither Professional Services nor Haskell repaid Note 1.

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<sup>1</sup>Haskell asserts that no such discussions took place.

20. Haskell renegotiated with Victim and on May 16, 2001, the Note 1 balance was rolled into a second promissory note ("Note 2"), which included \$15,000 in new money from Victim for a principal balance of \$25,000. Note 2 was signed by Haskell on behalf of Professional Services and was personally guaranteed by Haskell.
21. On May 16, 2001, Victim gave Haskell a cashier's check for \$15,000 payable to 'Rick Haskell.' Haskell endorsed the check and took possession of the proceeds.
22. Pursuant to Note 2, Professional Services agreed to pay Victim 24% per annum interest, compounded monthly, with all unpaid amounts to be paid in full on December 31, 2001.
23. Haskell paid Victim a total of \$5,767 towards Note 2.
24. In addition, Haskell gave Victim three checks totaling \$2,157, which were returned unpaid.
25. On January 15, 2002, Haskell and Victim renegotiated again and Haskell, on behalf of Professional Services, signed a third promissory note ("Note 3") for the remaining balance of Note 2, in the amount of \$23,839. Haskell personally guaranteed Note 3.
26. Pursuant to Note 3, Professional Services agreed to pay Victim 24% interest per annum, compounded monthly, with all unpaid amounts due December 31, 2002.
27. Haskell made one payment of \$1,000 on Note 3 on February 26, 2002.
28. Haskell made no additional voluntary payments.
29. In 2003, Victim brought a civil action against Haskell in Salt Lake County, Third District Court to collect monies owed. Victim was awarded judgment and garnished Haskell's wages after he failed to pay the judgment.
30. Although Haskell did not identify Victim as a creditor in his 2001 bankruptcy, on

September 26, 2003, Haskell sent a letter to Victim's attorney alleging his debt to Victim had been discharged in bankruptcy and that the garnishment was invalid. Haskell threatened legal action if Victim did not return Haskell's garnished wages.

**Failure to Disclose and Misrepresentations**

31. Haskell made the following misrepresentations and omissions of material facts when he issued the promissory notes to Victim:

- (a) Haskell stated Victim's investment was without risk;
- (b) Haskell failed to disclose that he had a state tax lien, pending lawsuits, and judgments against him;
- (c) Haskell did not provide financial statements (personal or for Professional Services); and
- (d) Haskell did not disclose the nature of the business of Professional Services.

32. On January 8, 2003, Haskell signed his WGS Annual Compliance Checklist, which stated:

- (a) he had not offered or sold any securities except those approved for sale by WGS;
- (b) he had not recommended any investment not approved by WGS;
- (c) he had not accepted a check made payable to him from any WGS representative; and
- (d) he had not borrowed money from a WGS representative.<sup>2</sup>

These representations were false.

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<sup>2</sup>Haskell asserts that because Victim had been a WMA agent when the loans were made, but was never a WGS agent, he was not required to make this disclosure- because he had borrowed from a WMA but not a WGS agent.

33. Haskell also failed to disclose on his Form U-4 his outside business activity of issuing promissory notes through Professional Services. The Form U-4, Uniform Application for Securities Industry Registration or Transfer, is a document filed with the Division and also provided to WGS.
34. Haskell's Form U-4, in fact, affirmatively represented that Professional Services was not an investment-related business.

### **Criminal Charges**

35. Haskell was charged with second degree securities fraud on November 1, 2004 in Fourth District Court, Utah County, arising from his issuance of the notes.
36. On June 28, 2005, Haskell signed a Diversion Agreement in that matter.
37. Pursuant to the Diversion Agreement, Haskell agreed to pay Victim \$20,000 on June 28, 2005 plus \$7,054 within the next twelve months. Both payments have been made in full.

### **II. CONCLUSIONS OF LAW**

38. Haskell willfully violated Section 61-1-1(2) of the Act by making the following misrepresentations and omissions of material facts when he entered into the promissory notes with Victim:
- (a) Haskell stated Victim's investment was without risk;
  - (b) Haskell failed to disclose that he had a state tax lien, pending lawsuits, and judgments against him;
  - (c) Haskell did not provide financial statements (personal or for Professional Services); and
  - (d) Haskell did not disclose the nature of the business of Professional Services.

39. Haskell willfully violated section 61-1-1(3) of the Act by making misrepresentations to his broker-dealer and failing to disclose the outside business activity of issuing the notes which actions constitute an act, practice or course of business which operated as a fraud upon WGS, and exposed WGS to potential liability.
40. Haskell willfully engaged in dishonest and unethical business practices, warranting sanctions under Section 61-1-6(2)(g) of the Act by:
- (a) failing to disclose his outside business activities to his employing broker-dealer, in violation of NASD Conduct Rule 3030;
  - (b) selling away, as proscribed by Rule R164-6-1 g(D)(2) of the Utah Administrative Code; and
  - (c) participating in a private securities transaction without receiving written approval from his employer in violation of NASD Conduct Rule 3040.
41. Haskell willfully violated section 61-1-16 of the Act by filing false and misleading documents with the Division, which included failing to disclose on his Form U-4 his outside business activity of issuing promissory notes through Professional Services and falsely representing on his Form U-4 that Professional Services was not an investment related business.

### **III. ADMISSIONS BY RESPONDENT**

42. Haskell admits the Division's findings<sup>3</sup> and foregoing violations of the Act.

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<sup>3</sup>With the exception of findings described in paragraphs 13 and 32, as described in the accompanying footnotes, Haskell admits the Division's findings.

#### **IV. REMEDIAL ACTION/SANCTIONS**

43. Haskell is barred from associating with any broker-dealer or investment adviser licensed in the state of Utah.
44. Haskell shall pay a fine to the Division in the amount of \$10,000. In light of Haskell's financial condition, the Division waives payment of the fine conditioned upon Haskell's fully complying with the requirements of this Order. The waived amount will become due and payable immediately, if at any time following entry of the Order, Haskell commits a material breach of the requirements of the Order or violates state or federal securities laws.

#### **V. FINAL RESOLUTION**

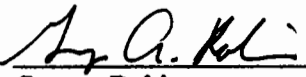
45. Haskell acknowledges that this Order, upon approval by the Division Director and Securities Advisory Board shall be the final compromise and settlement of this matter. Haskell further acknowledges that if the Division Director and Securities Advisory Board do not accept the terms of the Order, it shall be deemed null and void and without any force or effect whatsoever.
46. Haskell acknowledges that the Order does not affect any civil or arbitration causes of action that third-parties may have against Haskell arising in whole or in part from Haskell's actions, and that the Order does not affect any criminal cause of action that a prosecutor might bring.
47. This Order constitutes the entire agreement between the parties herein and supersedes and cancels any and all prior negotiations, representations, understandings, or agreements between the parties. There are no verbal agreements which modify, interpret, construe, or



otherwise affect this Order in any way.

Utah Division of Securities

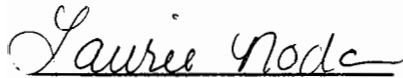
Date: 8/22/06

By:   
George Robison  
Director of Licensing

Date: 8-17-2006

By:   
Richard E. Haskell

Approved:


  
Laurie L. Noda  
Assistant Attorney General

## **ORDER**

Based on the foregoing, the Director hereby:

1. Finds that Haskell has admitted the factual conduct and the violations described in this Order.
2. Enters as his own findings, the Findings of Fact described in Section I, above.
3. Enters, as his own conclusions, the Conclusions of Law described in Section II, above.
4. Orders that:
  - a. Haskell shall pay a fine to the Division in the amount of \$10,000. In light of Haskell's financial condition, the Division waives payment of the fine conditioned upon Haskell's fully complying with the requirements of this Order. The waived amount will become due and payable immediately, if at any time following entry of the Order, Haskell commits a material breach of the requirements of the Order or violates state or federal securities laws.
  - b. Haskell is barred from associating with any broker-dealer or investment adviser licensed in the state of Utah.

DATED this 22<sup>nd</sup> day of August, 2006.


  
WAYNE KLEIN  
Director, Utah Division of Securities

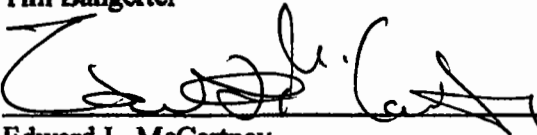


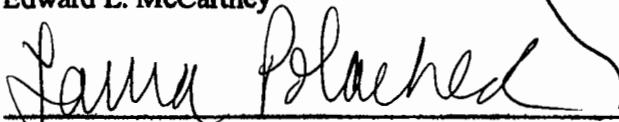
**BY THE UTAH SECURITIES ADVISORY BOARD:**

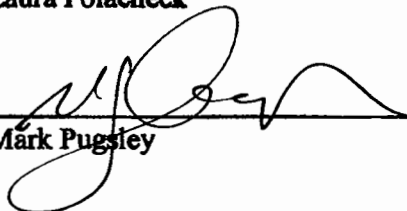
The foregoing Order is hereby accepted, confirmed and approved by the Utah Securities  
Advisory Board.

DATED this 1<sup>st</sup> day of SEPTEMBER, 2006.

  
\_\_\_\_\_  
Tim Bangerter

  
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Edward L. McCartney

  
\_\_\_\_\_  
Laura Polacheck

  
\_\_\_\_\_  
Mark Pugsley

\_\_\_\_\_  
Craig Skidmore

**Certificate of Mailing**

I certify that on the 5<sup>th</sup> day of ~~August~~ <sup>SEPTEMBER</sup> 2006, I mailed a true and correct copy of the

**Stipulation and Consent Order to:**

Richard E. Haskell  
1160 Bell Canyon Drive  
Sandy, UT 84094

Pamela Proznish  
Executive Secretary